

subject thereto (other than in accordance with the Indenture) or deprive the Holder of any Secured Note of the security afforded by the security interest of the Indenture; (iv) reduce the percentage of the Principal Balance—Aggregate of Outstanding Secured Notes held by Holders whose consent is required to request the Trustee to preserve the Collateral or rescind the Trustee's election to preserve the Collateral or to sell or liquidate the Collateral pursuant to the Indenture; (v) modify any of the provisions of the Indenture with respect to supplemental indentures except to increase the percentage of the Principal Balance—Aggregate of Notes held by Holders whose consent is required for any such action; (vi) modify the Priority of Payments; (vii) modify the terms of the Class A1 Swap; or (viii) modify any of the provisions of the Indenture in such a manner as to affect the calculation of the amount of any payment of interest on or principal of any Note or modify any amount distributable to the Income Note Paying Agent for payment to the Holders of the Income Notes on any Payment Date or to affect the right of the Holders of Notes to the benefit of any provisions for the redemption of such Notes contained therein or to affect the rights of the Holders of the Income Notes to any provisions for the redemption of Income Notes contained in the Income Note Paying Agency Agreement.

The interests of the Holders of the Class Q Combination Notes as a separate Class will be deemed not to be adversely affected for purposes of modification of the Indenture and entry into of a supplemental indenture, and such Holders thereof will not be entitled to voting or consent rights separately as a Class but will be entitled to vote with respect to the Component comprising such Class. However, if a supplemental indenture directly and adversely affects only the terms of the Class Q Combination Notes, the Holders of such Class Q Combination Notes will be deemed, for purposes hereof, to be adversely affected and will be entitled to vote as a separate Class based on the Principal Balance—Aggregate of their Class Q Combination Notes as a percentage of all Class Q Combination Notes.

The Co-Issuers and the Trustee may also, without obtaining the consent of Holders of any Notes but with the consent of any applicable Key Counterparties as described in the proviso below, enter into one or more supplemental indentures for several purposes, including to: (i) add to the covenants of the Co-Issuers or the Trustee for the benefit of the Holders of the Secured Notes or to surrender any right or power conferred upon the Co-Issuers; (ii) grant any property to or with the Trustee; (iii) evidence and provide for the acceptance of appointment by a successor trustee and to add to or change any of the provisions of the Indenture as shall be necessary to facilitate the administration of the Collateral by more than one trustee; (iv) reduce the permitted minimum denominations of the Secured Notes or Class Q Combination Notes; (v) take any action necessary or advisable to prevent payments on the Notes from being subject to withholding or other taxes, fees or assessments or to prevent the Issuer from being treated as engaged in a United States trade or business or otherwise being subjected to United States Federal, state or local income tax on a net income tax basis; (vi) modify the restrictions on and procedures for resale and other transfers of the Secured Notes and Class Q Combination Notes in accordance with any change in any applicable law or regulation (or interpretation thereof) or enable the Co-Issuers to rely upon any less restrictive exemption from registration under the Securities Act or Investment Company Act or remove restrictions on resale and transfer to the extent not required thereunder; (vii) facilitate (a) the listing of any of the Notes on any exchange and/or (b) compliance with the rules and guidelines of such exchange, including, without limitation, the appointment of any listing agent, transfer agent, Paying Agent, or additional registrar for any Class of Notes appropriate in connection with the listing of any Class of Notes on the Irish Stock Exchange or any other stock exchange, and otherwise amending the Indenture to incorporate any changes required or requested by any governmental authority, stock exchange authority, listing agent, transfer agent, Paying Agent, or additional registrar for any Class of Notes in connection with its appointment; (viii) correct or amplify the description of any property at any time subject to the lien of the Indenture or to better assure, convey and confirm to the Trustee any property subject to the lien of the Indenture; (ix) otherwise correct, amend, cure any ambiguity or inconsistency or defect or correct any typographical error, or other manifest error; (x) conform any provision to the description thereof set forth in this Offering Circular; (xi) prevent the Issuer from becoming an "investment company" as defined in the Investment Company Act; (xii) change the minimum denomination of the Notes; (xiii) amend the definition of "Eligible Investment" (and the related definitions), if such modification has been consented to by the Requisite Noteholders; (xiv) accommodate the acquisition of CDS Assets so long as the related changes are administrative or mechanical in nature, *provided* that such changes are not changes to the eligibility criteria applicable to CDS Assets or to the definition of "CDS Asset" that are, in each case, substantive in nature; (xv) amend any definition starting with "CDS Asset" to conform to current Rating Agency methodologies with respect to CDS Assets, *provided* that such amendment has been consented to by the Requisite Noteholders; (xvi) facilitate complying with the European Union Transparency Obligations Directive or to permit the Issuer to de-list any listed Class of Notes in accordance with the Indenture; (xvii) evidence of any waiver by any Rating Agency as to any requirement or condition, as applicable to such rating

agency; (xviii) facilitate hedging transactions, if such indenture supplement has been consented to by the Requisite Noteholders; (xix) modify the calculation of any Portfolio Quality Test, or any Coverage Test to correspond with changes in the guidelines, methodology or standards established by any of the Rating Agencies, if such modification has been consented to by the Requisite Noteholders; (xx) with the consent of the Manager, modify the definitions of "Credit Improved Security", "Credit Risk Security", "Defaulted Security", "Equity Security", or "Weighted Average Spread" or the requirements relating to the sale or other disposal of Eligible Collateral Debt Securities or the reinvestment criteria, in each case, if such modification has been consented to by the Requisite Noteholders; (xxi) modify the restrictions on and procedures for resale and other transfer of the Notes in accordance with any change in applicable law or regulation (or the interpretation thereof) or enable the Issuer to rely upon any less restrictive exemption from registration under the Securities Act or the Investment Company Act or to remove restrictions on resale and transfer to the extent not required thereunder; or (xxii) enter into any additional agreements not expressly prohibited by the Indenture or other Transaction Document; *provided that*, (a) in any such case, Rating Agency Confirmation from S&P shall be received with respect to such supplemental indenture prior to its execution, (b) with respect to any supplemental indenture addressing the matters described in clauses (i) through (xiv) and clause (xvi) above, notice of such supplemental indenture shall have been provided to Moody's prior to its execution, and with respect to any supplemental indenture addressing the matters described in clause (xv) and clauses (xvii) through (xxii) above, Rating Agency Confirmation from Moody's shall be received with respect to such supplemental indenture prior to its execution, (c) the Class A1 Swap Counterparty, each CDS Asset Counterparty and the CDS Collateral Securities Counterparty have consented in writing to such supplemental indenture and (d) in any such case, none of the rights or interests of the Holders of any Class of Notes, the Manager, the Cashflow Swap Counterparty or any Hedge Counterparty would be materially and adversely affected thereby.

In determining whether or not any Hedge Counterparty, the Cashflow Swap Counterparty or the Holders of any Class of Notes would be materially and adversely affected by any such change, the Trustee (after giving at least 15 Business Days prior notice of such change to such Holders, the Cashflow Swap Counterparty and each Hedge Counterparty) may, unless (i) it has been notified by a Majority of any Class of Notes, the Cashflow Swap Counterparty or a Hedge Counterparty that such Person reasonably considers that it will be materially and adversely affected by such proposed change or (ii) a Majority of any Class of Notes, the Cashflow Swap Counterparty and each Hedge Counterparty has consented to or objected to such proposed change in writing, seek an opinion of counsel or a certificate from the Issuer, the Manager or any other appropriate party, as necessary in making such determination (each prepared at the expense of the Person seeking the amendment), and such determination shall be binding on all present and future Holders of such Notes. The consent of each CDS Asset Counterparty, the CDS Collateral Securities Counterparty and the Class A1 Swap Counterparty will be deemed to have been received with respect to any such supplemental indenture if the Trustee shall have delivered a copy of the proposed supplemental indenture in accordance with the Indenture and such counterparty shall have failed to object in writing to such supplemental indenture prior to the date of the proposed supplemental indenture.

The Trustee will be authorized by the Indenture to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations which may be therein contained, but the Trustee will not be obligated to enter into any such supplemental indenture that affects the Trustee's own rights, duties, liabilities or indemnities under the Indenture or otherwise, except to the extent required by law. In addition, in determining whether any Notes would be materially and adversely affected by any amendment or modification to the Indenture, the Trustee (after giving at least 15 Business Days prior notice of such change to such Holders) may, unless it has been notified by a Majority of any Class of Notes that such Class would be materially and adversely affected by such change, rely on a certificate from the Issuer or the Manager or on an opinion of counsel.

The Co-Issuers will not consent to any supplemental indenture without the consent of the Manager.

Standard of Conduct

The Indenture will provide that, in exercising any of its or their voting rights, rights to direct and consent or any other rights as a security holder under the Indenture or under the Management Agreement, subject to the terms and conditions of the Indenture, a Holder of Notes will not, except as may be expressly provided in the Indenture with respect to any particular matter, have any obligation or duty to any Person or to consider or take into account the interests of any Person and will not be liable to any Person for any action taken by it or them or at its or their direction or any failure by it or them to act or to direct that an action be taken, without regard to whether such action or inaction benefits or adversely affects any Holder or Holders of Notes, the Issuer or any other Person, except for

any liability to which such Holder may be subject to the extent that the same results from such Holder's taking or directing an action, or failing to take or direct an action, in bad faith or in violation of the express terms of the Indenture or, if applicable, the Income Note Paying Agency Agreement or the Management Agreement. The foregoing will be equally applicable to a Holder of Notes that is, or that is an Affiliate of a Person that is (i) the Manager or (ii) an Affiliate of the Manager or the Issuer, and no action taken by any such Holder of Notes will be deemed to fall within the exception relating to bad faith in the preceding sentence solely by reason of a relationship that is the subject of this sentence.

Consolidation, Merger or Transfer of Assets

The Share Trustee, as a condition to acquiring the Ordinary Shares and the common stock of the Co-Issuer, will be required to covenant that, except under the limited circumstances set forth in the Indenture, they will not permit the Issuer or the Co-Issuer, as applicable, to consolidate with, merge into, or transfer or convey all or substantially all of its assets to, any other corporation, partnership, trust or other Person.

No Petitions for Bankruptcy

The Indenture and the Income Note Paying Agency Agreement will provide that none of the Paying Agents, the Secured Note Transfer Agents, the Indenture Registrar, the Income Note Registrar, the Trustee, the Holders of the Notes or the holders of the Ordinary Shares or any other equity in the Issuer or the Co-Issuer may cause the Issuer or the Co-Issuer to petition for bankruptcy before one year and one day or, if longer, the applicable preference period then in effect and one day, have elapsed since the final payments to the Holders of any Class of Secured Notes. The shareholders of the Issuer may voluntarily wind up the Issuer only by special resolution of the holders of the Ordinary Shares. The Share Trustee, as registered holder of the Ordinary Shares under a declaration of trust, has covenanted not to exercise the votes attaching to the Ordinary Shares to wind up the Issuer before one year and one day or, if longer, the applicable preference period then in effect and one (1) day, after all Secured Notes have ceased to be Outstanding.

Secured Note Paying Agents

The Secured Note Paying Agent and the Irish Note Paying Agent will be the initial Secured Note Paying Agents under the Indenture. The Co-Issuers may appoint additional Secured Note Paying Agents under the Indenture. The Co-Issuers and their Affiliates may maintain other banking relationships in the ordinary course of business with any Secured Note Paying Agent. The payment of the fees and expenses of the Secured Note Paying Agents relating to the Secured Notes is the obligation of the Co-Issuers (payable solely in accordance with the Priority of Payments).

The Indenture will contain provisions for the indemnification of each Secured Note Paying Agent for any claim, loss, liability or expense incurred without gross negligence, willful misconduct, default or bad faith on its part arising out of or in connection with the acceptance or administration of the Indenture.

Collateral Administrator

The Collateral Administrator will be obligated to perform certain functions on behalf of the Issuer with respect to the administration of the Collateral under the Indenture and under the Collateral Administration Agreement, dated as of the Closing Date (the "Collateral Administration Agreement"), among the Issuer, the Collateral Administrator and the Manager.

The Collateral Administration Agreement will contain provisions for the indemnification of the Collateral Administrator for any claim, loss, liability or expense incurred without gross negligence, willful misconduct, default or bad faith on its part arising out of or in connection with the acceptance or administration of the Collateral Administration Agreement.

Trustee

LaSalle will be appointed as the Trustee for the Holders of the Secured Notes pursuant to the Indenture. The Co-Issuers and their Affiliates may maintain other banking relationships in the ordinary course of business with

the Trustee. The payment of the fees and expenses of the Trustee is the obligation of the Co-Issuers (payable solely in accordance with the Priority of Payments).

The Indenture will contain provisions for the indemnification of the Trustee for any claim, loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture. The Trustee will not be bound to take any action unless it is indemnified for such action.

Under the Indenture, the Trustee may be removed at any time, if an Event of Default has occurred and is continuing, at the written request of the Requisite Noteholders. The Trustee may resign at any time upon three months' written notice to the Co-Issuers, the Key Counterparties, the Holders of Notes and each Rating Agency. The removal or resignation of the Trustee will not be effective until a successor trustee has been appointed by the Co-Issuers and approved by the written consent of the Requisite Noteholders. In the case of the resignation of the Trustee, if no successor trustee has been appointed within 30 days after the expiration of the Trustee's three-month notice to the Co-Issuers, the resigning Trustee or any Holder of a Secured Note may petition a court of competent jurisdiction for the appointment of a successor trustee. If the Trustee is removed without cause, the cost of expenses incurred in connection with the transfer of responsibilities to the successor trustee will be paid by the Issuer.

Voting Rights of the Holders of Income Notes

The Holders of the Income Notes will be entitled to certain voting, approval and consent rights with respect to the Transaction Documents. The Indenture will provide that any amendment, modification or supplement of the rights, preferences or privileges of the Income Notes under the Indenture that materially and adversely affects the rights or interests of the Holders of the Income Notes will not be effective except with the consent in writing of the Holders of not less than 66⅔% of the Principal Balance—Aggregate of the Outstanding Income Notes, except that any amendment, modification or supplement described in the second paragraph under "The Indenture and the Income Note Paying Agency Agreement—Modification of the Indenture" will not be effective without the written consent of the Holders of 100% of the Principal Balance—Aggregate of the Outstanding Income Notes materially and adversely affected by such proposal, amendment, modification or supplement. The Income Note Paying Agency Agreement will provide that it may be amended by the Issuer and the Income Note Paying Agent without the consent of any of the Holders of the Income Notes to cure any ambiguity, to correct or supplement any provisions in the Income Note Paying Agency Agreement which may be inconsistent with any other provisions therein, or with the provisions of the Indenture or this Offering Circular, or to add, change or eliminate any other provisions with respect to matters or questions arising thereunder that shall not be inconsistent with the provisions of the Income Note Paying Agency Agreement; *provided* that such action will not, as evidenced by an opinion of counsel delivered to the Income Note Paying Agent, materially and adversely affect the interests of any Holder of Income Notes. The Income Note Paying Agency Agreement will provide that it may be amended from time to time by the Issuer and the Income Note Paying Agent with the consent of the Holders of not less than 66⅔% of the Principal Balance—Aggregate of the Outstanding Income Notes for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Income Note Paying Agency Agreement, or of modifying in any manner the rights of the Holders of the Income Notes; *provided* that (x) no such amendment will (i) reduce in any manner the amount of, or delay the timing of, or change the allocation of, the payment of distributions on the Income Notes or (ii) reduce the voting percentage of the Holders of the Income Notes required to consent to any amendment to the Income Note Paying Agency Agreement, in each case without the consent of the Holders of all of the Outstanding Income Notes and (y) such action will not, as evidenced by an opinion of counsel delivered to the Income Note Paying Agent, materially and adversely affect the interests of any Holder of Income Notes.

Income Note Paying Agency Agreement

Pursuant to the Income Note Paying Agency Agreement, the Income Note Paying Agent will perform various fiscal services on behalf of the Holders of the Income Notes. The payment of the expenses of the Income Note Paying Agent will be the obligation of the Issuer (payable solely in accordance with the Priority of Payments). The Income Note Paying Agency Agreement will contain provisions for the indemnification of the Income Note Paying Agent for any claim, loss, liability or expense incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Income Note Paying Agency Agreement.

Reports

As set forth in the Indenture, the Trustee will supply to the Co-Issuers, the Key Counterparties, the Initial Purchaser, the Paying Agent, the Income Note Paying Agent and the Rating Agencies any information relating to the Eligible Collateral Debt Securities regularly maintained by the Trustee that the Co-Issuers or the Manager may from time to time request with respect to certain agreements. In addition, the Issuer will prepare or cause to be prepared a monthly report ("Monthly Report"), determined as of the determination date of each Monthly Report, and payment report (the "Payment Report"), determined as of each Period End Date, and the Issuer will make available or cause the reports to be made available to each of the Key Counterparties, the Income Note Paying Agent (who will forward such report to the Holders of the Income Notes upon request), each Rating Agency (so long as any Note is rated) and, upon written request to the Trustee, to any Holder of a Secured Note by the Payment Date. The Payment Report will provide certain information, including information regarding the Coverage Tests, the payments due as of such Payment Date, and account information and other information required to be included in the Monthly Report. The Monthly Report will contain information regarding the Eligible Collateral Debt Securities (individually and collectively), account information, and information regarding the Portfolio Quality Tests, Portfolio Limitations and the Coverage Tests. Certain additional information may be available from the Manager upon request.

SECURITY FOR THE SECURED OBLIGATIONS

Closing Date

The Manager expects that, by the Closing Date, the Issuer will have purchased, or will have entered into agreements to purchase, Eligible Collateral Debt Securities having a Principal Balance—Aggregate of approximately U.S.\$959,256,000. A list of the portfolio of Eligible Collateral Debt Securities expected to be acquired by the Issuer on the Closing Date may be obtained upon request from the Initial Purchaser and the Placement Agent.

Ramp-Up End Date

The Manager expects that, by the Ramp-Up End Date, the Issuer will have purchased, or will have entered into agreements to purchase, Eligible Collateral Debt Securities having a Principal Balance—Aggregate of approximately U.S.\$1,000,000,000.

Portfolio Quality Tests and Portfolio Limitations

Each of the Portfolio Quality Tests and the Portfolio Limitations will be required to be satisfied as of the Closing Date and the Ramp-Up End Date only. See "Security for the Secured Obligations—Sale of Eligible Collateral Debt Securities and CDS Assets" and "Summary of Terms—Security for the Secured Obligations—Portfolio Limitations".

The Coverage Tests

The portfolio of Eligible Collateral Debt Securities and Eligible Investments shall satisfy the Principal Coverage Tests as of the Closing Date and the Ramp-Up End Date. The Coverage Tests will also be required to be satisfied as of the Period End Date related to any Payment Date (beginning with the second Payment Date, in the case of the Interest Coverage Tests). In addition, the Coverage Tests will be used on each Period End Date (beginning on the Period End Date relating to the second Payment Date in the case of the Interest Coverage Tests) while any Secured Notes are Outstanding to determine whether principal prepayments will be required to be made in accordance with the Priority of Payments. See "Summary of Terms—Coverage Tests".

For purposes of the Coverage Tests, unless otherwise specified, a CDS Asset shall be included as an Eligible Collateral Debt Security having the characteristics of the CDS Asset and not of the related CDS Reference Obligation(s).

Sale of Eligible Collateral Debt Securities and CDS Assets

Prior to the Ramp-Up End Date, if the Issuer on any date of determination is not satisfying any Portfolio Quality Test, Coverage Test or Portfolio Limitation, the Issuer (or the Manager on behalf of the Issuer) may, with the prior consent of Citibank, N.A. (in its capacity as the Initial CDS Asset Counterparty) sell any Eligible Collateral Debt Security and acquire (in accordance with the Investment Criteria) additional Eligible Collateral Debt Securities with the proceeds of such sale; *provided that the CDS Asset Capacity Amount shall not be less than zero as a result of such sale.*

The Eligible Collateral Debt Securities may be retired prior to their respective final maturities due to, among other things, the existence and frequency of exercise of any optional redemption, mandatory defeasance or principal prepayment features of such Eligible Collateral Debt Securities. In addition, pursuant to the Indenture, *provided no Event of Default has occurred and is continuing*, the Manager may direct the Trustee to sell any Eligible Collateral Debt Security as described below. No sale of Eligible Collateral Debt Securities (including CDS Assets) will be permitted after the Closing Date except as expressly permitted hereunder.

With respect to any sale of CDS Assets, the Issuer expects that it will generally need to reach agreement with the relevant CDS Asset Counterparty to terminate such CDS Assets. The termination of any CDS Asset may result in the payment by or to the Issuer of a termination payment. Any resulting CDS Asset/SCA Issuer Termination Payment by the Issuer shall be paid in accordance with the Priority of Payments. Any termination

payment received by the Issuer shall be treated as gain on sale or receipt of interest to the extent that amounts would be so recognized had the Issuer sold the related CDS Reference Obligation.

In the event of a Redemption, the Manager will direct the Trustee to sell Eligible Collateral Debt Securities without regard to the limitations set forth herein; *provided* that the Sale Proceeds therefrom and other amounts available therefor are expected to be at least sufficient to pay the Redemption Amount, determined in accordance with the Indenture, and that such Sale Proceeds are used to make such a redemption.

Credit Risk Securities

A Credit Risk Security may be sold at any time. During the period from the Closing Date until the third anniversary thereafter, following the sale of a Credit Risk Security, the Manager shall use commercially reasonable efforts to purchase (in compliance with the Investment Criteria) no later than 30 Business Days after the sale of such Credit Risk Security, one or more Eligible Collateral Debt Securities with a Principal Balance—Aggregate at least equal to the Sale Proceeds (excluding accrued interest) from such sale; *provided* that the Manager may choose not to apply such Sale Proceeds to purchase any substitute Eligible Collateral Debt Securities.

Defaulted Securities

A Defaulted Security may be sold at any time. During the period from the Closing Date until the third anniversary thereafter, following the sale of a Defaulted Security, the Manager shall use commercially reasonable efforts to purchase (in compliance with the Investment Criteria) no later than 30 Business Days after the sale of such Defaulted Security, one or more Eligible Collateral Debt Securities with a Principal Balance—Aggregate at least equal to the Sale Proceeds (excluding accrued interest) from such sale; *provided* that the Manager may choose not to apply such Sale Proceeds to purchase any substitute Eligible Collateral Debt Securities. If an Eligible Collateral Debt Security that is a Defaulted Security is not sold within 30 days of such Eligible Collateral Debt Security becoming a Defaulted Security, the Manager, on behalf of the Issuer, shall use commercially reasonable efforts to sell such Eligible Collateral Debt Security on such later date as such Eligible Collateral Debt Security may first be sold in accordance with its terms and with applicable law.

Equity Securities and Tax Ineligible Investments

An Equity Security or a Tax Ineligible Investment may be sold at any time. Subject to applicable law, any Equity Security must be sold by the later of 30 days after receipt or the first day such Equity Security can be sold in accordance with its terms and with applicable law.

Discretionary Sales

Other than as part of a Redemption, any Eligible Collateral Debt Security that is not referred to in the three preceding paragraphs may be sold at any time until the third anniversary of the Closing Date but only so long as:

(a) the sum of (i) the notional amount of Covered Short CDS Assets that are terminated during such period, (ii) the Principal Balance—Aggregate (which amount shall be calculated, for the avoidance of doubt, on a cumulative basis) of all such Eligible Collateral Debt Securities sold (not including a Defaulted Security, an Equity Security, a Tax Ineligible Investment or a Credit Risk Security) during such period and (iii) Principal Collections used to purchase Eligible Collateral Debt Securities since the Closing Date, which are not also Sale Proceeds but are the result of repayment or prepayment during such period of Eligible Collateral Debt Securities held by the Issuer, does not exceed 10.0% of the Principal Balance—Portfolio as of the Ramp-Up End Date;

(b) no Moody's Trading Restriction Event has occurred and is continuing (unless the Requisite Noteholders have consented to such sale notwithstanding such Moody's Trading Restriction Event);

(c) in the Manager's reasonable business judgment the resulting Sale Proceeds will be invested in compliance with the Investment Criteria within 20 Business Days of the sale of such Eligible Collateral Debt Security in one or more Eligible Collateral Debt Securities having a Principal Balance—Aggregate at least equal to the Principal Balance of the Eligible Collateral Debt Security sold; and

(d) no Eligible Collateral Debt Securities or Deliverable Obligations are liquidated for the purpose of making payments to a CDS Asset Counterparty.

Purchase of Eligible Collateral Debt Securities; Investment Criteria

Investments may be made in Eligible Collateral Debt Securities after the Closing Date and the Ramp-Up End Date, as applicable, in the limited circumstances expressly provided in the Indenture if, after giving effect to such investment, the Portfolio Limitations, the Portfolio Quality Tests and the Coverage Tests are satisfied, or, if any were not satisfied immediately prior to such proposed investments, the degree of compliance with such unsatisfied criteria shall be maintained or improved (collectively, the "Investment Criteria"); *provided that:*

(i) in determining whether the degree of compliance with the Portfolio Limitations, the Portfolio Quality Tests and the Coverage Tests is maintained or improved with respect to the reinvestment of Principal Collections received on an Eligible Collateral Debt Security, the Eligible Collateral Debt Securities in the Collateral immediately after the proposed investment will be compared to the Eligible Collateral Debt Securities in the Collateral prior to the receipt of such Principal Collections, and for purposes of such comparison, the Principal Balance of any Credit Risk Security, Defaulted Security or Tax Ineligible Investment that is sold will be deemed prior to such sale to equal its Sale Proceeds (excluding accrued interest);

(ii) with respect to any purchase of accrued interest on an Eligible Collateral Debt Security made with Interest Collections, each Coverage Test must be satisfied after giving effect to such purchase; and

(iv) if such Eligible Collateral Debt Security is not of a type set forth in the recovery rate matrix in Schedule 2 to the Indenture, Moody's shall have assigned a recovery rate thereto.

No purchase of an Eligible Collateral Debt Security may be made if an Event of Default has occurred and is continuing.

If, at the time of receipt of any Principal Collections the Manager has not identified Eligible Collateral Debt Securities for purchase, Principal Collections may be reinvested in Eligible Investments in the Collection Account on a temporary basis, pending reinvestment in Eligible Collateral Debt Securities in the limited circumstances specifically provided herein.

For purposes of any applicable calculation or determination under the Indenture, the date on which any Eligible Collateral Debt Security or Eligible Investment will be deemed to be acquired or sold (the "determination date"), will be the trade date (and not the settlement date) for such acquisition or sale.

CDS Assets

The following summary describes certain provisions that are expected to be generally applicable to CDS Assets. This summary does not purport to be complete and is subject to the terms of the documentation relating to each CDS Asset, which may vary from the terms summarized herein.

General

On the Closing Date, the Issuer will enter into the initial CDS Assets with the Initial CDS Asset Counterparty, an Affiliate of the Initial Purchaser. The CDS Assets will be documented on the standard form of the 1992 Master Agreement (Multicurrency-Cross Border), the 2002 Master Agreement or any successor form (the "Master Agreement"), published by the International Swaps and Derivatives Association, Inc. ("ISDA"), as supplemented by schedules and confirmations on either (i) a Form-Approved ABS Asset Agreement or a Form-Approved CDO Asset Agreement or (ii) confirmation forms other than a Form-Approved ABS Asset Agreement or a Form-Approved CDO Asset Agreement that have been approved by the Requisite Noteholders (so long as the Class A1 Swap Counterparty or the Holders of the Class A1 Notes or Pari Passu Classes are the Requisite Noteholders) and that receive Rating Agency Confirmation from each Rating Agency.

Each confirmation will include a schedule of CDS Reference Obligations, and each CDS Reference Obligation will be treated as if referenced in a distinct transaction and not part of an index. Each CDS Reference Obligation will be required to satisfy the definition of "Eligible Collateral Debt Securities" at the time the Issuer enters into the transaction in respect of such CDS Reference Obligation. However, the failure of any CDS Reference Obligation to satisfy the definition of "Eligible Collateral Debt Securities" after the date that the Issuer is committed to enter into the related transaction will not constitute an Event of Default under the Indenture or an event of default or termination event under the related CDS Asset.

Credit Events under each CDS Asset may be physically settled with respect to a Distressed Ratings Downgrade, a Writedown, a Failure to Pay Interest or a Failure to Pay Principal. In the case of a Writedown, a Failure to Pay Principal or an Interest Shortfall, the protection buyer may elect to receive a Credit Protection Payment from the protection seller rather than physical settlement. Multiple notices of a Credit Event may be delivered with respect to each CDS Asset.

Each CDS Asset will be designed to replicate the risk transfer profile of an actual holding of Asset Backed Securities. Asset Backed Securities have inherent risks that differ in nature to corporate credit risk, most notably the fact that the obligor is relying on the timely receipt of cash flows from the underlying assets (and therefore has limited control over its ability to pay investors). Distressed scenarios can occur where the cash flows of the asset-backed security are adversely affected without triggering an event of default under the terms thereof. As well as the Credit Events that may trigger physical settlement described above, each CDS Asset requires the protection seller to pay floating amounts to the protection buyer in amounts equal to (subject to any adjustments set forth in the relevant confirmation to reflect any applicable percentage or reference price) any principal shortfalls, written down amounts and interest shortfalls under the CDS Reference Obligation (calculated, in the case of principal shortfalls and interest shortfalls, as the expected amount less the actual amount received) upon the occurrence of, respectively, a Failure to Pay Principal, Writedown or Interest Shortfall (any such payment, a "Credit Protection Payment"). A CDS Asset may therefore, in some respects, be more akin to a total return swap than a credit default swap (although in the case of a Writedown or Failure to Pay Principal the protection buyer may elect to deliver a notice of a Credit Event in respect thereof in which case the relevant CDS Asset will be physically settled and no further Floating Payments (as such term is defined in the relevant CDS Asset) will be payable).

Credit Events

With respect to each CDS Asset, the term "Credit Event" will have the meaning specified in the applicable Pay-As-You-Go Confirmation or any permitted alternative form of confirmation. Credit Events are expected to include the events described below, as well as any additional, substitute or modified Credit Events that the Issuer in the future elects, with Rating Agency Confirmation, to include in CDS Assets. The Credit Events applicable to CDS Assets acquired by the Issuer on the Closing Date will be as follows:

Failure to Pay Principal

A "Failure to Pay Principal" will apply to all CDS Assets and will occur upon:

- (i) a failure by the CDS Reference Obligor (or any insurer thereof) to pay an expected amount of principal on the Final Amortization Date or the legal final maturity date, as the case may be, or
- (ii) payment on any such day of an actual amount of principal that is less than the expected amount of principal;

provided that the failure by the CDS Reference Obligor (or any insurer thereof) to pay any such amount in respect of principal in accordance with the foregoing shall not constitute a Failure to Pay Principal if such failure has been remedied within any grace period applicable to such payment obligation under the Underlying Instruments relating to the CDS Reference Obligation or, if no such grace period is applicable, within three business days after the day on which the expected principal amount was scheduled to be paid.

For purposes of the foregoing, "Final Amortization Date" means the first to occur of (i) the date on which the notional amount of the CDS Asset is reduced to zero and (ii) the date on which the assets securing the CDS

Reference Obligation or designated to fund amounts due in respect of the CDS Reference Obligation are liquidated, distributed or otherwise disposed of in full and the proceeds thereof are distributed or otherwise disposed of in full.

Writedown

A "Writedown" will apply to all CDS Assets and will occur if at any time any of the following occurs:

- (i) (a) a writedown or applied loss (however described in the Underlying Instruments) resulting in a reduction in the outstanding principal amount (other than as a result of a scheduled or unscheduled payment of principal); or
 - (b) the attribution of a principal deficiency or realized loss (however described in the Underlying Instruments) to the CDS Reference Obligation resulting in a reduction of the current interest payable on the CDS Reference Obligation;
- (ii) the forgiveness of any amount of principal by the holders of the CDS Reference Obligation pursuant to an amendment to the Underlying Instruments resulting in a reduction in the outstanding principal amount of the CDS Reference Obligation; or
- (iii) if Implied Writedown is applicable and the Underlying Instruments do not provide for writedowns, applied losses, principal deficiencies or realized losses as described in paragraph (i) above to occur in respect of the CDS Reference Obligation, an Implied Writedown Amount being determined in respect of the CDS Reference Obligation by the CDS Asset Counterparty in its capacity as calculation agent.

Distressed Ratings Downgrade

A "Distressed Ratings Downgrade" will apply to all CDS Assets and will occur if the CDS Reference Obligation:

- (i) if publicly rated by Moody's, (A) is downgraded to "Caa2" or below by Moody's or (B) has the rating assigned to it by Moody's withdrawn and, in either case, not reinstated within five business days of such downgrade or withdrawal; *provided* that if such CDS Reference Obligation was assigned a public rating of "Baa3" or higher by Moody's immediately prior to the occurrence of such withdrawal, it shall not constitute a Distressed Ratings Downgrade if such CDS Reference Obligation is assigned a public rating of at least "Caal" by Moody's within three calendar months after such withdrawal;
- (ii) if publicly rated by S&P, (A) is downgraded to "CCC" or below by S&P or (B) has the rating assigned to it by S&P withdrawn and, in either case, not reinstated within five business days of such downgrade or withdrawal; *provided* that if such CDS Reference Obligation was assigned a public rating of "BBB-" or higher by S&P immediately prior to the occurrence of such withdrawal, it shall not constitute a Distressed Ratings Downgrade if such CDS Reference Obligation is assigned a public rating of at least "CCC+" by S&P within three calendar months after such withdrawal; or
- (iii) if publicly rated by Fitch, (A) is downgraded to "CCC" or below by Fitch or (B) has the rating assigned to it by Fitch withdrawn and, in either case, not reinstated within five Business Days of such downgrade or withdrawal; *provided* that if such CDS Reference Obligation was assigned a public rating of "BBB-" or higher by Fitch immediately prior to the occurrence of such withdrawal, it shall not constitute a Distressed Ratings Downgrade if such CDS Reference Obligation is assigned a public rating of at least "CCC+" by Fitch within three calendar months after such withdrawal.

Failure to Pay Interest

A "Failure to Pay Interest" will apply to CDS Assets to the extent set forth in the applicable confirmation and will occur upon the occurrence of an Interest Shortfall Amount or Interest Shortfall Amounts (on a cumulative basis) in excess of the relevant Payment Requirement. For purposes of the foregoing, "Interest Shortfall Amount" means, with respect to any payment date under the CDS Reference Obligation, an amount equal to the greater of (a) zero and (b) the amount equal to the product of (i) the Expected Interest Amount minus the Actual Interest Amount; and (ii) the applicable percentage specified in the related confirmation; *provided that*, with respect to the first payment date under the CDS Reference Obligation following the addition of such CDS Reference Obligation, such amount shall be pro rated. The "Payment Requirement" means the amount specified as such in the related Pay-As-You-Go Confirmation which, in the case of certain Pay-As-You-Go Confirmations forming part of the Initial CDS Agreement, shall be U.S.\$10,000.

CDS Asset Counterparty Payments

Under each CDS Asset, each CDS Asset Counterparty will be required to pay to the Issuer the CDS Fixed Amount. The CDS Fixed Amount for each calculation period will be an amount equal to the sum for each CDS Reference Obligation of the product of (i) the weighted average notional amount of such CDS Reference Obligation during such calculation period, (ii) the applicable fixed rate and (iii) a fraction, the numerator of which will be the actual number of days in the calculation period and the denominator of which will be 360.

Each respective CDS Asset Counterparty will pay to the Issuer the CDS Fixed Amount payable under such CDS Asset, and shall also pay to the Issuer any CDS Asset Interest Reimbursements, CDS Asset Principal Reimbursements and CDS Asset Writedown Reimbursements. CDS Fixed Amounts, CDS Asset Interest Reimbursements, any accrued interest component of any Sale Proceeds or CDS Asset Counterparty Termination Payments, Second Additional Fixed Amounts and Increased Fixed Amounts paid to the Issuer will be deposited into the Collection Account as Interest Collections and distributed in accordance with the Priority of Payments. CDS Asset Principal Reimbursements, CDS Asset Writedown Reimbursements, any CDS Asset Counterparty Termination Payments and Sale Proceeds (in each case, excluding the portion of which represents accrued interest) paid to the Issuer in respect of CDS Assets, and any Sale Proceeds of a Deliverable Obligation paid to the Issuer, will be deposited into the Collection Account as Principal Collections.

The initial notional amount of each CDS Reference Obligation will be designated by the Manager on behalf of the Issuer and will be set forth in the schedule of CDS Reference Obligations to the related CDS Asset. It is expected that the Net Aggregate Adjusted Notional Amount of the CDS Assets, in the form of the Initial CDS Agreement, on the Closing Date will be approximately U.S.\$869,256,000. The notional amount of each CDS Reference Obligation will be reduced by the amount of any principal amortization on such CDS Reference Obligation and by any "Floating Amount" (as such term is defined in the relevant CDS Asset) (other than Interest Shortfalls) or Physical Settlement Amount paid by the Issuer to the CDS Asset Counterparty in respect of such CDS Reference Obligation, and increased by any reimbursement amount realized in respect of any Writedown for such CDS Reference Obligation.

If a Writedown, Failure to Pay Principal or Interest Shortfall (each as defined in the related CDS Asset) occurs and the Issuer pays to the applicable CDS Asset Counterparty a "Floating Amount" (as such term is defined in the relevant CDS Asset) in respect thereof, the CDS Asset Counterparty will be required to pay to the Issuer on each periodic payment date an amount equal to the Additional Fixed Amount in respect of reimbursements of any amounts previously paid by the Issuer in respect of any Writedown, Failure to Pay Principal or Interest Shortfall. The obligation of the CDS Asset Counterparty to pay such reimbursement amounts will apply to any reimbursement made under the governing instruments for the related CDS Reference Obligation on or prior to the day that is one calendar year after the date on which such CDS Reference Obligation is deleted or the related CDS Asset is terminated.

Payments by the Issuer

Following the occurrence of certain credit-related events under a CDS Asset, the Issuer will be required to make payments to the CDS Asset Counterparty. The Issuer will be required to pay to the CDS Asset Counterparty a Floating Amount (as such term is defined in the relevant CDS Asset) following the occurrence of a Writedown, Failure to Pay Principal or Interest Shortfall which will be equal to the loss actually incurred as a result of such event

on a "pay-as-you-go" basis; that is, the Issuer will make such payment on a current basis, and the making of such payment will not result in the deletion of the affected CDS Reference Obligation from the related CDS Asset or otherwise affect the treatment of such CDS Reference Obligation under the CDS Asset (except that the notional amount of such CDS Reference Obligation will be reduced by the amount of such payment).

If a credit-related event occurs that constitutes a Credit Event under the CDS Asset and the conditions to settlement are satisfied, the Issuer will be required to pay to the CDS Asset Counterparty an amount equal to the Physical Settlement Amount in exchange for the delivery by the CDS Asset Counterparty to the Issuer of the Deliverable Obligation. The affected CDS Reference Obligation will be treated under the CDS Asset as deleted from the CDS Asset for all purposes of the transaction. The CDS Asset Counterparty will have the right to physically settle the CDS Asset upon the occurrence of a Credit Event for only a portion of the Net Aggregate Adjusted Notional Amount of the affected CDS Reference Obligation, in which case only such portion of the notional amount will be deleted.

The Issuer will make payments of Floating Amounts (as such term is defined in the relevant CDS Asset) and Physical Settlement Amounts (together, "Credit Protection Amounts") under each CDS Asset at any time and in accordance with the CDS Payment Priority.

Amounts paid by the Issuer as the seller of protection will be contingent insofar as the applicable CDS Asset Counterparty as protection buyer will be required to reimburse all or part of such Credit Protection Payments (whether such payments are in respect of a "Writedown Reimbursement", a "Principal Reimbursement" or an "Interest Reimbursement", each as defined in the applicable CDS Asset) to the Issuer if they are paid by the CDS Reference Obligor to holders of the CDS Reference Obligation after the effective date of the CDS Asset on or before the earlier of (i) with respect to RMBS Securities and CMBS Securities, on or before the earlier of (x) the day that is one year after the Effective Maturity Date (as defined in such CDS Asset) (or, if such RMBS Security or CMBS Security is terminated as a result of the occurrence of any Early Termination Event (as defined in such CDS Asset), the day that is one year after such Early Termination Event) or (y) the Maturity Date—Stated and (ii) with respect to CDO Securities, on or before the day that is one year after the Effective Maturity Date, as defined in such CDS Asset; *provided that* in the case of an Interest Reimbursement, the CDS Asset Counterparty generally will be entitled to receive recovery of any portion of the CDS Interest Shortfall for which it was not compensated by the Issuer as protection seller before it makes any payment in respect of an Interest Reimbursement to the Issuer. Notwithstanding the foregoing, solely with respect to CDO Securities, in the event that an "Early Termination Date" (as defined in the applicable CDS Asset) occurs following an Event of Default under such CDO Securities with respect to which the CDS Asset Counterparty is the sole "Defaulting Party" (as defined in the applicable CDS Asset), the CDS Asset Counterparty's obligation to pay the relevant Additional Fixed Amount to the seller of protection shall survive the termination of the Initial CDS Agreement and any Additional Fixed Payment Notice (as defined in the applicable CDS Asset) must be given on or prior to the fifth Business Day following the day that is three years after the Early Termination Date; *provided that*, if at any time after the Early Termination Date the sum of all Floating Amounts (as such term is defined in the relevant CDS Asset) that have been calculated under the Initial CDS Agreement but have not been reimbursed by the CDS Asset Counterparty is greater than 25% of the CDS Reference Obligation Notional Amount, then any Additional Fixed Payment Notice must be given on or prior to the fifth Business Day following the day that is one year after the Early Termination Date. A Writedown or Failure to Pay Principal in respect of a CDS Reference Obligation will entitle the CDS Asset Counterparty as protection buyer to elect whether to deliver a notice of a Credit Event or require a contingent Credit Protection Payment under the related CDS Asset transaction.

For purposes of the foregoing, "Interest Shortfall" means, with respect to any payment date under the CDS Reference Obligation related to a CDS Asset, either (a) the non-payment of an Expected Interest Amount or (b) the payment of an Actual Interest Amount that is less than the Expected Interest Amount. "Expected Interest Amount" means, with respect to any payment date under the CDS Reference Obligation related to a CDS Asset, the amount of current interest that would accrue during the related calculation period on a principal balance of the CDS Reference Obligation equal to (A) the outstanding principal amount of the CDS Reference Obligation taking into account any reductions due to a principal deficiency balance or realized loss amount that are attributable to the CDS Reference Obligation minus (B) the aggregate Implied Writedown Amounts (if any) and that will be payable on the related payment date, assuming for this purpose that sufficient funds are available therefor in accordance with the Underlying Instruments. "Actual Interest Amount" means, with respect to any payment date under the CDS Reference Obligation related to a CDS Asset, payment by or on behalf of the issuer of the CDS Reference

Obligation of an amount in respect of interest due under the CDS Reference Obligation (including, without limitation, any deferred interest or defaulted interest relating to the term of the CDS Asset but excluding payments in respect of prepayment penalties, yield maintenance provisions or principal, except that the Actual Interest Amount shall include any payment of principal representing capitalized interest) to the holder(s) of the CDS Reference Obligation in respect of the CDS Reference Obligation.

Termination of CDS Assets

Under certain circumstances in the CDS Assets, the Issuer or the CDS Asset Counterparty may terminate a CDS Asset, in which event the Issuer or the CDS Asset Counterparty may be required to make a termination payment. Depending upon existing market conditions at the time of any such termination, a termination payment may be owed by or to the Issuer. Early termination of the CDS Asset will not relieve the Issuer of its obligation to use proceeds from the liquidation of Eligible Collateral Debt Securities and Deliverable Obligations of maturity or redemption to pay any unpaid amounts owing to the CDS Asset Counterparty. See "Risk Factors—CDS Assets".

Instead of terminating a CDS Asset, the Manager may cause the Issuer to enter into a Covered Short CDS Asset with and to the extent terms can be agreed with the CDS Asset Counterparty to the related CDS Asset. Covered Short CDS Assets are intended to be used by the Issuer as a means of reducing or eliminating the Issuer's exposure to credit risks on one or more CDS Assets held by it that would constitute Covered Short Matching Long Positions. See "—Covered Short CDS Assets".

Settlement of CDS Assets

The CDS Assets may be physically settled except in circumstances in which the CDS Asset Counterparty elects otherwise. Accordingly, it is expected that, upon settlement of a CDS Asset, the buyer of protection will deliver to the seller of protection the Deliverable Obligations specified in the notice of physical settlement (which shall only consist of CDS Reference Obligations) and the seller of protection will pay to the buyer of protection the agreed Physical Settlement Amount that corresponds to the Deliverable Obligations that the buyer of protection has delivered. Each CDS Asset will provide that the buyer of protection, when providing a notice of physical settlement, may specify an amount (the "Exercise Amount") that is less than the notional amount of the CDS Asset as of the date on which such notice of physical settlement is delivered (calculated as though physical settlement in respect of all previously delivered notices of physical settlement has occurred in full), in which case the rights and obligations of the parties under the CDS Asset will continue and the buyer of protection may deliver additional notices of physical settlement with respect to the initial Credit Event or with respect to any additional Credit Event at any time thereafter. Where the buyer of protection has delivered a notice of physical settlement but does not deliver in full the Deliverable Obligations on or prior to the physical settlement date, then such notice of physical settlement shall be deemed not to have been delivered. In such event full or partial cash settlement shall not apply.

Each CDS Asset will provide that only CDS Reference Obligations may constitute Deliverable Obligations and, pursuant to the definition of "Eligible Collateral Debt Securities", CDS Reference Obligations will qualify as Eligible Collateral Debt Securities. Accordingly, upon receipt of Deliverable Obligations the Issuer may hold Deliverable Obligations as Eligible Collateral Debt Securities and such Deliverable Obligations shall be subject to the provisions relating to the disposition of Eligible Collateral Debt Securities set forth herein.

For purposes of the foregoing, "Physical Settlement Amount" for a CDS Asset means, in general, an amount equal to (a) the product of the Exercise Amount and an agreed reference price (which is currently expected to be 100% in respect of each CDS Reference Obligation) minus (b) the sum of: (i) the product of (A) the aggregate of all Implied Writedown Amounts, if applicable, with respect to the relevant CDS Reference Obligation determined immediately prior to the relevant delivery, (B) the Applicable Percentage (as defined in the related CDS Asset) and (C) the relevant Exercise Percentage and (ii) the product of (A) the aggregate principal amount of the CDS Reference Obligation which is subject to certain Writedowns (as the same may be reduced by an reimbursement obligations of the buyers of protection under the relevant CDS Asset) and (B) the relevant Exercise Percentage. "Exercise Percentage" means, with respect to a notice of physical settlement, a percentage equal to the original face amount of the Deliverable Obligations specified in such notice of physical settlement divided by an amount equal to (i) the initial face amount of the CDS Reference Obligation minus (ii) the aggregate of the original face amount of all Deliverable Obligations specified in all previously delivered notices of physical settlement.

Initial CDS Agreement

On the Closing Date, the Issuer and the Initial CDS Asset Counterparty will enter into a Master Agreement, as supplemented by a schedule, and Pay-As-You-Go Confirmations evidencing CDS Assets having a Net Aggregate Adjusted Notional Amount of approximately U.S.\$869,256,000 (the "Initial CDS Agreement"). Each CDS Asset acquired on the Closing Date will be evidenced by a transaction under the Initial CDS Agreement. Each of the Initial CDS Agreement transactions on the Closing Date will by its terms be subject to and incorporate the 2003 ISDA Credit Derivatives Definitions, as published by ISDA (as the same may be amended, modified or otherwise supplemented from time to time, to the extent agreed upon by the Manager on behalf of the Issuer and the Initial CDS Asset Counterparty, the "Credit Derivatives Definitions"). The Initial CDS Asset Counterparty may provide CDS Assets as an intermediary with matching off-setting positions requested by the Manager or may provide CDS Assets alone without any off-setting positions. The Initial CDS Asset Counterparty may also intermediate or provide Covered Short CDS Assets to the Issuer from time to time upon request or with approval of the Manager. The Initial CDS Asset Counterparty may also enter into Covered Short CDS Assets in respect of the CDS Assets for which it is the Initial CDS Asset Counterparty. See "—Covered Short CDS Assets".

The Issuer will pay to the Initial CDS Asset Counterparty an intermediation fee (the "Intermediation Fee") that will accrue and be payable on each Payment Date that will be calculated based upon the weighted average notional amount of the CDS Reference Obligations multiplied by the Intermediation Fee Rate, as specified in the Initial CDS Agreement, multiplied by the actual number of days during each applicable Period divided by 360. The maximum Intermediation Fee Rate expected to be paid to the Initial CDS Asset Counterparty is 0.03%. The Intermediation Fee that is due on any Payment Date will be paid in accordance with the Priority of Payments prior to the payment of any interest that is due and payable on such Payment Date in respect of the Secured Notes.

The Initial CDS Agreement will be subject to termination by the Issuer or the Initial CDS Asset Counterparty, whether or not the Secured Notes have been paid in full prior to such termination, upon the occurrence of (i) certain events of bankruptcy, insolvency, conservatorship, receivership or reorganization of the Issuer or the Initial CDS Asset Counterparty, (ii) a failure on the part of the Issuer or the Initial CDS Asset Counterparty to make any payment under the Initial CDS Agreement within the applicable grace period or (iii) a change in law making it illegal for either the Issuer or the Initial CDS Asset Counterparty to be a party to, or perform an obligation under, the Initial CDS Agreement. "Termination Events" under (and as defined in) the Initial CDS Agreement will include (i) certain tax events or a change in tax law affecting the Issuer or the Initial CDS Asset Counterparty; (ii) certain ratings events; (iii) any Redemption; (iv) an Event of Default under the Indenture followed by the liquidation of the Collateral; and (v) certain other specified events.

In the event of a termination of the Initial CDS Agreement for reasons other than the Issuer being the defaulting party or affected party, the Issuer will use reasonable efforts to enter into a substitute CDS Asset on similar terms to the extent that the Issuer is able to enter into such an agreement, subject to the receipt of Rating Agency Confirmation from each Rating Agency, but there is no guarantee that it will be able to do so. Amounts payable upon any early termination of the Initial CDS Agreement will be based substantially upon general replacement transaction valuation methodology. If any CDS Asset/SCA Issuer Termination Payment is payable by the Issuer to the Initial CDS Asset Counterparty in connection with the occurrence of any such early termination or CDS Reference Obligation Notional Amount reduction, such amount, together with interest on such amount for the period from and including the date of termination to but excluding the date of payment, shall be payable on the next succeeding Payment Date to the extent funds are available for such purpose in accordance with the Priority of Payments (and any portion of such CDS Asset/SCA Issuer Termination Payment not paid on such Payment Date shall be payable on the first Payment Date on which such amount may be paid in accordance with the Priority of Payments).

Collection Account

On or prior to the Closing Date, the Trustee will establish trust accounts in the United States, which may be subaccounts of the Custodial Account, and which will be designated as the Interest Collection Account and the Principal Collection Account (collectively, the "Collection Account") in the name of the Trustee for the benefit and on behalf of the Secured Parties and over which the Trustee will have exclusive control and the sole right of withdrawal and into which the Trustee will from time to time make deposits in accordance with the Indenture.

All distributions on the Eligible Collateral Debt Securities and any proceeds received from the disposition of any Eligible Collateral Debt Securities will be remitted to the Collection Account and will be available, together with reinvestment earnings thereon, for application to the payment of the amounts set forth under "Summary of Terms—Priority of Payments" and for the acquisition of Eligible Collateral Debt Securities under the limited circumstances and pursuant to the requirements described herein and set forth in the Indenture; *provided that* on the Closing Date funds may be withdrawn from the Collection Account and deposited in the Expense Reserve Account to pay any closing expenses of the Co-Issuers including the closing expenses, if any, of the Manager, the Trustee, the Placement Agent and the Initial Purchaser pursuant to the applicable Transaction Documents. For the avoidance of doubt, the Issuer (or the Manager on behalf of the Issuer) will notify the Trustee prior to the end of the relevant Period End Date of any amounts to be paid to the Collection Account pursuant to clause (T) of the Priority of Payments—Interest Collections and clause (H) of the Priority of Payments—Principal Collections.

Amounts received in the Collection Account during a Period will be invested in Eligible Investments. Eligible Investments in the Interest Collection Account will be required to have stated maturities no later than the Business Day prior to the Payment Date next succeeding the acquisition thereof. All proceeds from the Eligible Investments will be retained in the Collection Account and used as permitted under the Indenture. See "Security for the Secured Obligations—Sale of Eligible Collateral Debt Securities and CDS Assets" and "Summary of Terms—Priority of Payments".

Expense Reserve Account

On or prior to the Closing Date, the Trustee will establish a single, segregated trust account in the United States that will be designated as the expense reserve account (the "Expense Reserve Account") in the name of the Trustee for the benefit and on behalf of the Secured Parties and over which the Trustee will have exclusive control and the sole right of withdrawal. On each Payment Date, pursuant to the Priority of Payments, the Trustee will deposit in the Expense Reserve Account the amount needed to bring the amount on deposit therein to the amount specified in clause (C) of the Priority of Payments—Interest Collections.

Amounts received in the Expense Reserve Account during a Period, and amounts received in prior Periods and retained in the Expense Reserve Account, will be invested by the Trustee as so directed by the Issuer (or the Manager on behalf of the Issuer) in Eligible Investments, unless otherwise permitted under the Indenture.

The Trustee may, from time to time and at any time, at the direction of the Manager, on any date that is not a Payment Date, withdraw amounts from the Expense Reserve Account to pay accrued and unpaid Administrative Expenses of the Co-Issuers, including those of the Manager and the Trustee. All amounts remaining on deposit in the Expense Reserve Account at the time when substantially all of the Issuer's assets have been sold or otherwise disposed of will be deposited by the Trustee into the Collection Account as Interest Collections. See "Summary of Terms—Priority of Payments".

Hedge Collateral Account

If the Issuer enters into any Hedge Agreements, the Trustee will establish a segregated trust account in the United States that will be designated as the hedge collateral account (the "Hedge Collateral Account") in the name of the Trustee. The Trustee will deposit all amounts received as Hedge Collateral into the Hedge Collateral Account. Separate subaccounts of the Hedge Collateral Account will be established for each Hedge Counterparty. Amounts required to be deposited in the Hedge Collateral Account as a result of a failure to meet the ratings requirements will be deposited to a separate sub-account of the Hedge Collateral Account. Amounts deposited in the Hedge Collateral Account will be held by the Trustee for the benefit of the Secured Parties subject to the rights of the Hedge Counterparties under the Hedge Agreements. Investment earnings on amounts on deposit in the Hedge Collateral Account will be deposited to the Collection Account on the Business Day prior to each Payment Date or released to the applicable Hedge Counterparty as provided in the applicable Hedge Agreement.

Hedge Termination Receipts Account

If the Issuer enters into any Hedge Agreements, the Trustee will establish a segregated trust account in the United States which will be designated as the hedge termination receipts account (the "Hedge Termination Receipts Account") in the name of the Trustee. In the event of any early termination of a Hedge Agreement, any Hedge

Termination Receipts not concurrently applied in connection with the Issuer's entry into a replacement Hedge Agreement will be deposited in the Hedge Termination Receipts Account for the benefit of the Secured Parties.

Hedge Replacement Account

If the Issuer enters into any Hedge Agreements, the Trustee will establish a segregated trust account in the United States which will be designated as the hedge replacement account (the "Hedge Replacement Account") in the name of the Trustee. Any Hedge Replacement Proceeds received from a replacement counterparty will be deposited in the Hedge Replacement Account for the benefit of the related Hedge Counterparty under the terminated Hedge Agreement.

Cashflow Swap Collateral Account

On or prior to the Closing Date, the Trustee will establish a segregated trust account in the United States which will be designated as the cashflow swap collateral account (the "Cashflow Swap Collateral Account") in the name of the Trustee. The Trustee will deposit all amounts received as collateral from the Cashflow Swap Counterparty into the Cashflow Swap Collateral Account. Amounts deposited in the Cashflow Swap Collateral Account will be held by the Trustee for the benefit of the Secured Parties subject to the rights of the Cashflow Swap Counterparty under the Cashflow Swap Agreement. Investment earnings on amounts on deposit in the Cashflow Swap Collateral Account will be deposited to the Collection Account on the Business Day prior to each Payment Date or released to the Cashflow Swap Counterparty as provided in the Cashflow Swap Agreement.

Payment Account

On or prior to the Closing Date, the Trustee will establish a single, segregated trust account in the United States which will be designated as the payment account (the "Payment Account") in the name of the Trustee for the benefit and on behalf of the Secured Parties and over which the Trustee will have exclusive control and the sole right of withdrawal. On the Business Day prior to each Payment Date, the Trustee will deposit into the Payment Account, any amounts then held in the Collection Account, but excluding, with respect to any Payment Date other than the Maturity Date—Final, any amounts deposited or paid to the Collection Account after the end of the related Period. See "Summary of Terms—Priority of Payments".

CDS Asset Collateral Account

The Trustee shall, prior to the Closing Date, establish a CDS Asset Collateral Account, to be held in the name of the Trustee, for the benefit of the Secured Parties (subject to the claims of the CDS Asset Counterparties) which shall be designated as the "CDS Asset Collateral Account". Amounts will be transferred from the Capacity Subaccount of the Reserve Account into the CDS Asset Collateral Account at the discretion of the Manager (with the consent of the CDS Collateral Securities Counterparty), subject to the requirements and limitations specified herein and in the Indenture, and will be invested in CDS Collateral Eligible Securities in accordance with the CDS Collateral Agreement. Amounts maintained in the CDS Asset Collateral Account shall not be considered to be assets of the Co-Issuers for purposes of any of the Portfolio Quality Tests or Coverage Tests, but the CDS Assets shall be considered assets of the Issuer for all other purposes. Amounts on deposit in the CDS Asset Collateral Account (and amounts in the Capacity Subaccount of the Reserve Account and the Class A1 Note Funding Subaccount of the Reserve Account) will be used (a) to make CDS Asset Payments directly to the CDS Asset Counterparties in respect of CDS Assets or (b) in the case of CDS Asset Payments payable on Payment Dates, to make transfers to the Collection Account to make such CDS Asset Payments and other payments in accordance with the Priority of Payments or (c) to purchase Cash Assets. Cash amounts will be made available by terminating (in whole or in part) the CDS Collateral Agreement and liquidating CDS Collateral Eligible Securities pursuant to the CDS Collateral Agreement.

Except for the making of CDS Asset Payments to CDS Asset Counterparties, no cash amount will be withdrawn from the CDS Asset Collateral Account if the amount remaining therein, together with the Class A1 Swap Notional Amount and the balance of the Capacity Subaccount of the Reserve Account, would be less than the Net Aggregate Adjusted Notional Amount.